

Frequently Asked Questions

PEL – Project Expense Level

1. **Question:** Will the PEL for each AMP be published and given out to PHAs with WAPEL on August 5, 2006?

Answer: Yes. The WAPEL report will no longer generate PELs by development. Instead the report will express PELs by AMP.

2. **Question:** How can PHAs check if the data being used by HUD to calculate the WAPEL is correct or not?

Answer: Except in the instance of missing data, all of the PHA characteristic data is supplied by the PIC system. It is the responsibility of the PHA to maintain the PIC system. The next version of the WAPEL report will provide more insight into the actual data elements utilized versus previous reports. Any known data errors should be brought to the immediate attention of PIC, Field Offices, and an email to ph_opfund2006@hud.gov. HUD will assist the PHA in determining the data utilized in the WAPEL report. Additionally, any questions or comments regarding the WAPEL report or calculations may be forwarded to ph_opfund2006@hud.gov.

3. **Question:** PHAs believe that a new PEL will be developed for FY 2011. Is this true?

Answer: Per §990.165(i), HUD will convene a meeting with representation of appropriate stakeholders to review the methodology to evaluate the PEL based on actual cost data in FY 2009. HUD may determine appropriate funding levels for each project to be effective FY 2011 after following appropriate rulemaking procedures.

Unit and Unit Months

1. **Question:** If the units are offline during the reporting period, do we remove those units during the calculation?

Answer: No, all units under the ACC must be categorized during the reporting period using the categories in lines 1 to 13 of Section 2 of the form.

2. **Question:** How do you treat combined units, e.g., 2 units are combined into 1 unit as handicap accessible unit?

Answer: A combined unit is treated no differently from any other public housing unit.

3. **Question:** If a PHA did not report new unit information on form HUD-52723 during FFY 2007, could that PHA get funding next year in Line 4 – New Units? The assumption was that the new unit was eligible for funding prior to the final HUD-52723 revision date.

Answer: HUD will not fund these units if PHA fails to submit new unit information in a timely manner (by original submission due date or by revision due date) on the HUD-52723 form.

4. **Question:** If there is more than 10% change in the number of ACC units, do PHAs need to put any comments/remarks?

Answer: Yes.

5. **Question:** Does the vacancy begin once a tenant vacates a unit or at the end of the month in which the tenant vacates the unit? This is important when categorizing units at the end of the month.

Answer: The unit should be classified as occupied even if the tenant vacated the unit prior to the end of the month.

6. **Question:** Is information from PIC (e.g., vacant unit counts) provided in the tool?

Answer: For FY 2007, PHAs must provide this unit status information. However, it is HUD's goal to use PIC in subsequent years.

7. **Question:** Do PHAs have to re-apply every two years to FO/HUD for categorization of changing market condition units?

Answer: Requirements in this regard will be addressed in future guidance.

8. **Question:** Can units with families that do not meet income requirements still receive operating subsidy and be reported in (Line 01 Occupied Dwelling Units) of the HUD-52723?

Answer: A family that initially moved into public housing as income-eligible but later had its income go up so that, if it were to apply today, it would no longer be considered eligible is still eligible to remain in public housing. The unit occupied by this family will be reported on Line A1 of the HUD-52723 form.

Note: Units occupied by over-income families at the time of admission to public housing must be reported on Line A13 of the HUD-52723 form. These units would not be counted in the EUM calculation but will be eligible to receive asset-management fee and IT fee.

UEL – HUD 52722

1. **Question:** While determining Line 16 (Actual Utility Costs) on form HUD-52722, can a PHA use costs from a budget payment plan?

Answer: Yes, the PHA should use actual bills, whether from a “regular” payment plan or a budget payment plan.

2. **Question:** Can PHAs use their current 3 yr rolling base information based on its FYE instead of using the Reporting Period (7/1-6/30), if data is not easily accessible?

Answer: No, PHA must report utility consumption data for the historical rolling base using the Reporting Period (7/1 – 6/30). PHAs must make every effort to compile and report the correct data.

3. **Question:** Should the amount reported on Line 19 of HUD-52722 (Surcharges) be based on collected rents or actual billed rents?

Answer: Per the instructions to the form HUD-52722, the amount of **charges** to residents for excess utility consumption for PHA-supplied utilities should be entered on Line 19.

4. **Question:** How do scattered site units, where the tenant pays utilities and does not report consumption data to the PHA, impact the relationship between EUM reported on the HUD-52723 form and the consumption data reported on HUD-52722. If the Utility Expense Level on Line 24 of the 52722 is divided by the EUM calculation from the HUD-52723, which includes these units, then the PUM UEL amount is distorted. Is this relevant or is there a procedure to ameliorate the distortion?

Answer: There is no distortion of data. The total UEL amount on the HUD-52722 form is divided by the EUMs to arrive at the PUM UEL. The PUM UEL is then multiplied by the same EUMs on the HUD-52723 form. Therefore, the total UEL amount stays the same.

5. **Question:** If a PHA has a flat fee for excess washer/dryer consumption or air conditioning consumption, does this count as a surcharge?

Answer: Yes. The flat fees are considered surcharges for excess consumption of PHA-supplied utilities, and should be entered on Line 19.

6. **Question:** Is HUD going to accommodate heating degree-days?

Answer: HUD no longer adjusts for heating degree-days.

Energy Conservation Measure Incentives

1. **Question:** If a PHA is under contract as a result of energy conservation measures taken prior to the Final Rule and the PHA is using the Energy Loan Amortization add-on, how should the PHA estimate energy savings and report P&I? Notably, the energy contract may not align with the Reporting Period (7/1/2005 to 6/30/2006) by which the funding is based in the Final Operating Subsidy Formula. Should the PHA report energy savings and P&I based its contract or convert the data to a Reporting Period?

Answer: TBD.

2. **Question:** What does a PHA enter in Lines 02 through 04 of HUD-52722 if it has a frozen rolling base?

Answer: The frozen rolling base level is calculated for the year during which the conservation measures were initially implemented. It is important to refer to the frozen rolling base instructions on pages 6 and 7 of HUD-52722 for special instructions.

Add-On Expenses

1. **Question:** If a PHA has only one Asset Management Property, would it be eligible for the Asset Management Fee?

Answer: No, as per the language in the Rule, PHAs with only one AMP or PHAs that choose to combine all current ACC properties into one AMP, are not eligible to receive the Asset Management Fee.

2. **Question:** Will HUD allow PHAs to report additional FICA costs on Line 15 (Cost Attributable to Changes in Federal Law, regulation, or economy) if the FICA tax is raised or the income ceiling to which FICA is applied increases?

Answer: No. FICA costs were incorporated into the new formula's project expense level (PEL), which is inflated each year. Changes to FICA are not automatically incorporated into formula expense allowed on Line 15. Unless HUD has made a determination in accordance with 24 CFR 990.190(i) *Costs attributable to Changes in Federal Law, regulation, or economy*, and PHAs have been formally authorized by PIH Notice to use Line 15 for this or another purposes, Line 15 should be blank as indicated in the form instructions.

3. **Question:** Can the PILOT add-on (A9) be used to pay for assessed taxes for a property that are not part of the cooperation agreement with a local government?

Answer: Similar to other components of operating subsidy, the PILOT add-on is part of total operating subsidy eligibility. As such, PHAs are required to expend the funds for an eligible use necessary for the operation and maintenance of public housing. As long as the assessed taxes are necessary for the operation and maintenance of public housing, the PHAs can use operating funds to pay such taxes.

4. **Question:** What can a PHA do if its expected PILOT or audit costs during the funding period are significantly greater than what is reported on the FDS?

Answer: Wait until next year's funding. The operating subsidy for next year will include those increased expenses.

5. **Question:** How would a PHA adjust the HUD-52722 consumption data if they were reconfiguring efficiencies by converting them from 0-bedroom to 1-bedroom units and the number of units decreases from 36 to 18?

Answer: The PHA needs to determine what effect the reconfiguration will have on current consumption (e.g., the Department would expect a drop in consumption since there would be only one, rather than two, stoves, etc.). The PHA, in conjunction with the appropriate Field Office, should determine a reasonable method for quantifying the decrease/increase in consumption due to

the reconfiguration and make appropriate adjustments to the rolling base years. If the change appears to be negligible, no adjustment should be made, and the rolling base will flow through as usual.

Asset Repositioning/Demolition/Disposition

1. **Question:** If a project is currently being demolished and no AMP approval was requested then a PEL will not exist for this project. What PEL value should the PHA use for the Asset Repositioning fee calculation?

Answer: If the building is in a project that has a PEL, the PHA will receive Asset Repositioning Fee based on the PEL using the 75%/50%/25% of PEL in accordance with the year in asset repositioning.

If for some reason the building/units are not in a project that has a PEL, the building/ units will receive the Asset Repositioning Fee based on the WAPEL using the 75%/ 50%/25% of WAPEL in accordance with the year in asset repositioning.

2. **Question:** Are 5h homeownership units eligible for Asset Repositioning?

Answer: See 990.105(b), which reads as follows:
 ”Inapplicability of this part. This section is not applicable to Indian Housing, section 5h, and section 32 homeownership projects.”

3. **Question:** What if a building/project is already vacant before approval for demolition? In other words, the PHA has proceeded with demolition plans before obtaining approval from HUD. When does the six-month period start if the units are vacant before the approval date?

Answer: All payments for asset-repositioning fees and vacant units will be made in accordance with the regulations.

4. **Question:** The Rule says the asset-repositioning fee is not intended for individual units within a multi-unit building and only entire buildings or projects are eligible for asset repositioning. However, instructions on the form HUD-52722 refer to adjustments when “less than 10% of units in a building” are receiving an asset-repositioning fee. How would it be possible for less than 10% of units in a building to receive the fee based on the language in the Rule?

Answer: The HUD-52722 instructions refer to the adjustment required to the utility data in the case of demolition or disposition of units. In the case of a PHA that is permanently disposing or demolishing units equal to, or more than, 10 percent of the total units within a building, the utility data is adjusted to exclude these units.

If the PHA is permanently disposing or demolishing less than 10 percent of the total units within a building, or 5 or fewer units within a building, no adjustment is required.

The above instructions only relate to the adjustment of utility data on HUD-52722. Asset-repositioning fee is paid per the regulation.

5. **Question:** While the units are vacated, they are re-inhabited by other residents as part of the phase down. What happens with a phased down demolition?

Answer: HUD does not allow the units approved for demolition and vacated to be reoccupied.

HUD 52723 and HUD 52722 Submission Information and Timeline

1. **Question:** When will the Excel Tool be available for field offices/PHAs to review? What other tools will HUD make available to the field offices. Will a HUD-52722 tool be distributed?

Answer: Yes, HUD intends to make a HUD-52722 calculator available. The Excel Tool, along with the revised WAPELs, are expected to be distributed to the PHAs around August 5, 2006.

2. **Question:** Will PHAs be able to print out the HUD-52723 tool to submit to HUD?

Answer: Yes. PHAs will complete the tool, print it, sign it and send it to the appropriate Field Office. Wherever possible, PHAs should electronically send the HUD-52723 tool to their respective Field Office.

3. **Question:** When will PHAs receive their inflation factors?

Answer: HUD anticipates that PHAs will receive their inflation factors from HUD later this summer. The factors will also be pre-populated in the HUD-52723 tool.

4. **Question:** How will HUD fund changes resulting from revisions if it obligates funding?

Answer: HUD generally reserves a small contingency in the fourth quarter funding to handle revisions.

Other

1. **Question:** Does it matter if the PUM transition amount is calculated in FY 2007 using a WAPEL approach or in FY 2008 using a PEL approach?

Answer: No. The PUM transition amount is calculated based on FY 2004 data. Transition funding is a constant value, expressed as a PUM, that will not change.

2. **Question:** In reference to Moving-to-Work (MTW) PHAs, what is the definition of a Block Grant PHA versus a Non-Block Grant PHA?

Answer: MTW Block grants PHAs have full fungibility of funds between HUD programs and may receive operating subsidy based on an alternative funding formula. MTW Non-Block Grant PHAs do not have full fungibility and receive operating subsidy in accordance with the formula in the regulation.

3. **Question:** If there is a massive drop in operating reserves due to inadequate funding of the Operating Fund or rapid increases in Utility expenses that are not covered by the operating subsidy formula, what's going to happen to FASS-PH score?

Answer: The FASS-PH score for each PHA will be computed based on the scoring methodology outlined in the PHAS regulation.

4. **Question:** Why does one use UML to calculate PUM tenant utility allowances?

Answer: FASS-PH captures UML (and not EUM) and, therefore, UML is used to calculate PUM tenant utility allowances.

5. **Question:** What are the guidelines on appeal process, e.g. on changing market conditions?

Answer: TBD.